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2012 OCT 25 PM 2:49

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2012-94-S

SC PUBLIC SERVICE
COMMISSION

IN RE:

Application of Palmetto Wastewater
Reclamation LLC, d/b/a Alpine
Utilities for adjustment
of rates and charges for, and modification
to certain terms and conditions related to
the provision of sewer service.

DIRECT TESTIMONY
OF
R. STANLEY JONES

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is R. Stanley Jones. My business address is 1710 Woodcreek Farms
Road, Elgin, South Carolina 29045.

Q. WHERE ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed as the South Carolina Regional President of Ni America
Operating, LLC. ("Ni America Operating"). Ni America Operating is owned by Ni
America Capital Management, LLC, which is the sole member of Ni South Carolina
LLC ("Ni South Carolina"). Ni South Carolina is the sole member of Palmetto
Wastewater Reclamation LLC, doing business as Alpine Utilities ("PWR"), the Applicant
in this proceeding.

1 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND AND YOUR TRAINING**
2 **AND WORK EXPERIENCE?**

3 A. I am a 1970 graduate of Clemson University with a Bachelor of Science degree in
4 Civil Engineering. I am a registered professional engineer and a registered land surveyor,
5 licensed to practice engineering and surveying by the South Carolina State Board of
6 Registration for Professional Engineers and Land Surveyors. I have over thirty-seven
7 years of environmental engineering experience, including the design and operation of
8 wastewater treatment systems. I was first employed as an engineer by the Enwright
9 Associates engineering firm of Greenville in 1970. From 1975 through 1982, I was head
10 of its environmental engineering department. I left Enwright Associates in 1982 and
11 became employed as Vice President by Palmetto Utilities, Inc., or "PU", which was then
12 known as WildeWood Utilities, Inc. I became President of WildeWood Utilities, Inc. in
13 1988. I currently serve on the Environmental Planning Advisory Committee of the
14 Central Midlands Council of Governments, or "COG", which promulgates water quality
15 management plans for elimination of point source discharges under Sections 201 and
16 208(g) of the Federal Clean Water Act and the National Pollutant Discharge Elimination
17 System or "NPDES" program authorized under Federal law. I have drafted facilities
18 needs studies and other planning documents required under Sections 201 and 208 of the
19 Federal Clean Water Act and have also taught water and wastewater treatment courses at
20 Greenville Technical College for several semesters.

1 **Q. WOULD YOU PLEASE DESCRIBE YOUR FORMER AND CURRENT ROLES**
2 **WITH PALMETTO UTILITIES, INC.?**

3 A. Yes. Prior to taking my current position with Ni America, my responsibilities as
4 President of PUI included the day-to-day management and oversight of its wastewater
5 collection and treatment operations, provision of engineering services, and supervision of
6 environmental compliance. Additionally, I functioned as the business manager for the
7 Company and was involved with vendor and contractor relations and lender negotiation.
8 I also oversaw PUI's other seven employees. On January 7, 2010, I took my current
9 position with Ni America. In that position, I am responsible for overseeing all capital
10 improvements, repairs and maintenance, business development, and to a lesser degree
11 operations, for PUI and PWR. I hold an indirect equity interest in both PUI and PWR.

12
13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

14 A. The purpose of my testimony is to support the application for rate relief and
15 provide the Commission with an overview of PWR, an outline of the history of its Alpine
16 system, a review of that system's performance from an operational standpoint, a
17 description of the improvements that have been made and need to be made to the system,
18 a discussion of PWR's goals for the Alpine system, an explanation of how the system is
19 operated, and some comments on proposed changes to the PWR Alpine rate schedule.

20
21 **Q. WOULD YOU PLEASE PROVIDE THE COMMISSION WITH THE**
22 **OVERVIEW OF PWR THAT YOU MENTIONED?**

1 A. Yes. PWR was created to acquire the wastewater treatment and collection
2 systems which were owned and operated by Alpine Utilities, Inc. and Woodland Utilities,
3 Inc. The Commission approved these acquisitions in its Order Number 2011-320, issued
4 in Docket Number 2011-65-S on May 13, 2011, and PWR has since that time operated
5 both systems pursuant to the separate rate schedules which had been previously approved
6 by the Commission for each of these entities. This rate relief proceeding applies only to
7 the PWR customers served by the Alpine system. The present Commission authorized
8 service area of PWR for its Alpine customers encompasses portions of unincorporated
9 Richland County and Lexington County, as well as a small portion of the City of
10 Columbia, that is generally located north of Interstate Highway 20, west of Broad River
11 Road, South of Piney Grove Road, and east of Interstate Highway 26; a small portion of
12 the service area adjoining the area I just described is situated on both sides of Interstate
13 Highway 20, west of Interstate Highway 26, and north of the Saluda River and is
14 contiguous to the part of the service area where customers are served by the Woodland
15 System.

16
17 **Q. WOULD YOU PLEASE PROVIDE THE HISTORY OF THE ALPINE SYSTEM**
18 **THAT YOU MENTIONED?**

19 A. Yes. The Alpine system was constructed in the 1970's. As the Commission is
20 aware from the 2011 proceeding which resulted in the acquisition of the Alpine system
21 by PWR, the facilities were in need of significant upgrades and improvements that Alpine
22 Utilities, Inc. was not in a financial position to make. The facilities were beset by

1 sanitary sewer overflows, or "SSOs," excessive inflow and infiltration, or "I&I," and
2 other operational problems which were the result of either delays in necessary
3 maintenance or inadequacies in the existing mains, lines, and manholes. Also, there were
4 well-publicized incidents of improper discharges into the Saluda River near the Alpine
5 Wastewater Treatment Plant ("WWTP") caused by inadequate facilities which led to
6 fines being imposed by both the Environmental Protection Agency and DHEC. As the
7 Commission noted in its order approving the acquisition by PWR, the Alpine system was
8 in need of significant upgrades. Our plan to address these issues is outlined in the
9 Memorandum of Understanding, or "MOU," between PWR and DHEC that is described
10 in Mr. Melcher's testimony.

11
12 **Q. FROM AN OPERATIONAL STANDPOINT, HOW HAS THE ALPINE SYSTEM**
13 **PERFORMED SINCE ITS ACQUISITION BY PWR?**

14 A. As you might imagine given the condition of the Alpine facilities when PWR
15 acquired them, the initial performance of the system did not meet our standards.
16 However, we took action to upgrade both the facilities and operations program
17 subsequent to our acquisition which have improved system performance significantly.

18
19 **Q. WHAT DID THESE ACTIONS CONSIST OF AND WHAT IMPACT HAVE**
20 **THEY HAD ON THE SYSTEM?**

21 A. As part of the five year plan to address deficiencies in the Alpine collection plant
22 outlined in the MOU, we have completed approximately 20% of the maintenance work

1 that had been deferred, including videoing, cleaning and repairing thirteen miles of lines,
2 repair and replacement of two hundred manholes, and repairs to satellite systems. In
3 addition, we have made various upgrades to the WWTP contemplated in the MOU,
4 including installation of two new digesters, relocation of the sludge dewatering facility,
5 replacement of the walls in the aeration tank, installation of a new bar screen,
6 replacement of electrical switch gear, replacement of aerators in the aeration tank,
7 acquisition of a new grit collector, and construction of a new clarifier. As a result of these
8 actions, the number of SSO's has decreased from twenty seven in the twelve months
9 prior to our acquisition of the Alpine system to twelve in the last twelve months.
10 Similarly, the level of I&I has decreased markedly which is reflected in the fact that PWR
11 has not found it necessary to shut down the Alpine WWTP, even during the course of the
12 upgrades to it that we have been performing. Prior to our ownership of the plant, the
13 Alpine WWTP was routinely subject to shutdowns due to excessive flow that the plant
14 could not handle.

15
16 **Q. WHAT FURTHER IMPROVEMENTS ARE NEEDED TO THE ALPINE**
17 **SYSTEM?**

18 A. In the collection system, PWR will need to continue the accelerated maintenance
19 and repair program to improve the performance of lines and mains, repair and replace
20 manholes, and address the impact of satellite systems on the entire Alpine system. This
21 could take another four years to complete per the schedule contemplated in the MOU,
22 although we may be able to complete this work on a shorter schedule. With respect to the

1 Alpine WWTP, we will need to install the clarifier that has been constructed and the grit
2 collector that has been purchased, both of which I anticipate will be completed before the
3 end of this calendar year.

4
5 **Q. WHAT IS THE COMPANY'S GOAL FOR THE ALPINE SYSTEM?**

6 A. Our goal is to operate the system not only in accordance with the requirements of
7 regulations and our permits, but to also achieve the same standard of excellent and
8 environmentally responsible performance that is provided by PWR's sister subsidiary,
9 PUI. As the letter attached to the Application as Exhibit "C" reflects, PWR holds all of
10 the necessary permits from the Department of Health and Environmental Control, or
11 "DHEC", to operate the Alpine system facilities. Since its acquisition by PWR, the
12 Alpine system has not received any notices of violation by DHEC and, of course, has
13 incurred no fines. PWR is committed to operating in an environmentally responsible
14 manner and rate relief is necessary to ensure our ability to recover the costs of achieving
15 that level of environmental compliance.

16
17 **Q. HOW IS THE ALPINE SYSTEM OPERATED?**

18 A. Craig Sherwood, who is South Carolina Vice President of Operations for Ni
19 America Operating, reports directly to me and is in charge of day to day operations of the
20 Alpine system. Daily maintenance and operations functions are performed by a
21 combination of Ni America Operating personnel and outside contractors. Our outside
22 contractors include EA Services, a well-known and long-established utility operating

1 concern located here in the Midlands of South Carolina and Utility Partners, a national
2 utility operations service provider which we have recently contracted with to provide
3 service for Alpine, Woodland and PUI. All operators of the Alpine WWTP are
4 appropriately licensed as Class A biological wastewater treatment operators by the
5 Environmental Certification Licensing Board of the South Carolina Department of Labor,
6 Licensing and Regulation.

7
8 **Q. YOU MENTIONED SOME PROPOSED CHANGES TO THE RATE**
9 **SCHEDULE; WOULD YOU PLEASE DISCUSS THESE?**

10 A. Yes. The proposed rate schedule is more comprehensive than the current rate
11 schedule and, as the Commission will note, is similar to that approved by the
12 Commission for PUI. I would like to comment upon just a few of its more notable
13 provisions. Under section 6 of the proposed rate schedule, customers are not permitted to
14 introduce pollutants, including grease, into our system. Under Section 8 of the proposed
15 rate schedule, the company is permitted to require customers to upgrade existing grease
16 traps to better prevent the introduction of this pollutant into our system. As a result of the
17 significant number of restaurants in the PWR service area, the company has found that
18 problems associated with the presence of grease in our system – which primarily manifest
19 themselves in blockages in mains and lift stations – required immediate action. As a
20 result, we have been required to become more aggressive in the enforcement of standards
21 designed to prevent the introduction of grease into our system, including requiring
22 commercial customers to install or upgrade deficient grease traps. These efforts are

1 described in more detail in the testimonies of Mr. Melcher and Mr. Sadler on behalf of
2 PWR. Further, Section 11 of the proposed rate schedule contains language establishing a
3 commercial customer equivalency system using wastewater flow based on DHEC
4 guidelines, which is, again, discussed in more detail in the testimonies of Mr. Melcher
5 and Mr. Sadler. Further, we have included in Section 7 proposed language that is
6 intended to address the issue the Alpine system faces with satellite sewer systems. As
7 discussed in Mr. Wallace's testimony on behalf of the Company, this language is needed
8 to avoid incurring costs in dealing with the problems that un-maintained satellite systems
9 cause, which are now required to be passed on to customers.

10
11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 **A.** Yes, it does.